

RECEIVED

FEB 09 2006

GAMBLING COMMISSION
COMM & LEGAL DEPT

February 7, 2006

Ms. Susan Arland
Washington State Gambling Commission
4565 7th Avenue SE
4th Floor
Lacey, WA 98503

Re: GameTech International, Inc. ("GameTech") - Petition to Amend State Administrative Rule

Dear Ms. Arland:

Pursuant to your conversations with Keith Larkin, attached is the completed Petition to Amend State Administrative Rule form. This shall serve as GameTech's formal request for rule change.

Please contact Keith Larkin at 775/850-6129, with any questions or if anything further is required.

Sincerely,

Nina McIntosh
Compliance Analyst

Enclosures



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)

RECEIVED

FEB 09 2006

GAMBLING COMMISSION
COMM & LEGAL DEPT

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT) GameTech International, Inc		TELEPHONE NUMBER (INCLUDE AREA CODE) 775/850-0123		
STREET ADDRESS 900 Sandhill Rd.	PO BOX NUMBER	CITY RENO	STATE NV	ZIP CODE 89521
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN WA state Gambling Commission		If unknown, call (360) 753-7470 for mailing information		

Please submit completed and signed form to the "Rules Coordinator" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ 1. NEW: I am requesting that a new WAC be developed

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

☒ 2. AMEND: I am requesting a change to existing WAC **230-12-340 - see attached explanation**

☐ 3. REPEAL: I am requesting existing WAC be removed.

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☒ Other (please explain): **see attached**

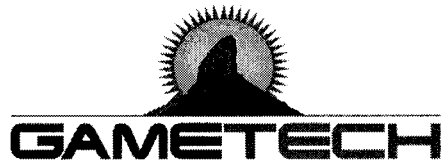
PETITIONER'S SIGNATURE

[Signature]

DATE

1-30-06

FEB 09 2006

GAMBLING COMMISSION
COMM & LEGAL DEPT

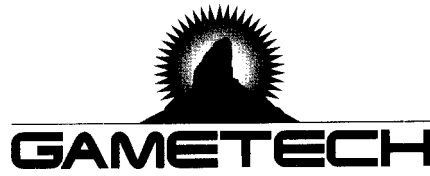
Justification for Rule Change

During our dialogue with the Gambling Commission, the following regulatory sections were cited as possible reasons why the requested rule change may not be made:

1. RCW 9.46.120(1) states, in part, that "...No part of the proceeds of the [gambling] activity shall inure to the benefit of any person other than the organization conducting such gambling activities..." [emphasis added]
 - However, "proceeds" is a defined term under WAC 230-02-108, as "...all monies remaining from the operation of any gambling activity after payment of prizes and necessary expenses." [emphasis added]
 - The ability to charge charitable bingo operators on a per-card sold basis does not in any way entitle a person to the "proceeds" from the operation, as defined. Rather, it is consistent with what is currently authorized, which is the ability for the charitable bingo operators to pay their "necessary expenses".
 - WAC 230-02-108 continues with subsection (1), stating that "Expenses are deemed to be necessary when they are required to operate an activity... or they improve the overall profitability of the activity by increasing gross gambling receipts more than the corresponding increase in expenses."
 - The ability to charge a charitable bingo operator based on per-cards sold seems to be the ultimate rationale in satisfying the improvement in profitability criterion, because the charity would never owe anything if nothing is sold (improvement in profitability assumes, of course, that the charity operator would have a long-term selling price greater than its cost bingo cards, but that is a management decision).
 - Although not entirely on-point, RCW 9.46.120(2) seems to also provide a glimpse into what is truly trying to be prohibited: pricing models based on a percentage of gross receipts or the profits derived from charitable gambling activities.

2/7/2006

2. WAC 230-02-300(6) states that evidence of a substantial interest holder includes, "Directly or indirectly receiving a salary, commission, royalties or *other form of compensation from the gambling activity* in which an entity is or seeks to be engaged." *[emphasis added]*
 - If the broad reading of this subsection was really intended to prohibit charging charitable bingo operators from paying for its bingo cards on a per-card sold basis, then why would it not also apply to any form of expense? The receipt of payment for any gambling equipment could be construed as receiving a form of compensation from the gambling activity, which would contradict the ability to pay for necessary expenses.



RECEIVED
FEB 22 2006
GAMBLING COMMISSION
COMM & LEGAL DEPT

February 17, 2006

Ms. Susan Arland
Washington State Gambling Commission
4565 7th Avenue SE
4th Floor
Lacey, WA 98503

Re: GameTech International, Inc. ("GameTech") - Petition to Amend State Administrative Rule

Dear Ms. Arland:

Please amend GameTech's original submission dated February 7, 2006, to also include an amendment to WAC 230-20-244 (2)(g). A strike through version of the suggested amendment is attached.

Additionally, it was discovered that we had failed to include the strike through version of WAC 230-12-340 (3) from the original submission package; therefore, please see the attached proposal.

Please contact Keith Larkin at 775/850-6129, with any questions or if anything further is required.

Sincerely,

Nina McIntosh
Compliance Analyst

Enclosures

GameTech requests that WAC 230-20-244 (2)(g), be amended to read as follows

Leasing by an operator

If the electronic daubers are leased to an operator, the lease cannot be based in whole or part on the amount of ~~bingo card sales or~~ of rental income derived from such devices;

GameTech requests that WAC 230-12-340, subsection 3, be amended to read as follows:

"Manufacturers and distributors may only base fee structures for electronic bingo equipment on the number of times a device is used, the number of bingo cards sold to a device or the number of bingo sessions in which devices are used. Fees must not be determined by a percentage of sales, ~~the number of bingo cards sold through the device,~~ or the average amount a player spends on a device."